

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name	County
Fiscal Year End	Opinion Date	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature 	Printed Name		License Number	

**Washington and Bruce Townships
Senior Transportation
thru Advanced Reservation**

Financial Report

March 31, 2007

Washington and Bruce Townships Senior Transportation thru Advanced Reservation

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Independent Auditor's Report

To the Board of Commissioners
Washington and Bruce Townships Senior
Transportation thru Advanced Reservation

We have audited the accompanying basic financial statements of Washington and Bruce Townships Senior Transportation thru Advanced Reservation (the "System") as of March 31, 2007 and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Washington and Bruce Townships Senior Transportation thru Advanced Reservation as of March 31, 2007 and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the budgetary comparison schedule, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Plante & Moran, PLLC

August 6, 2007

Washington and Bruce Townships Senior Transportation thru Advanced Reservation

Management's Discussion and Analysis

Our discussion and analysis of Washington and Bruce Townships Senior Transportation thru Advanced Reservation's (the "System") financial performance provides an overview of its financial activities for the fiscal year ended March 31, 2007. Please read it in conjunction with the System's financial statements.

The System's financial statements are presented on both the modified accrual basis and the government-wide basis, in accordance with Governmental Accounting Standards Board Statement No. 34. The modified accrual basis presents a short-term view; it tells us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. The government-wide statements present a longer-term view of System finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing System services.

To remain consistent with Governmental Accounting Standards Board Statement No. 34, the management's discussion and analysis report includes comparative data from the prior year within the financial sections below.

Washington and Bruce Townships Senior Transportation (S.T.A.R.) as a Whole

The following table shows, in a condensed format, the net assets as of the current date and the statement of activities for the years ended March 31, 2007 and 2006 (amounts in thousands):

TABLE I	2007	2006
Assets		
Current assets	\$ 1,333	\$ 1,310
Noncurrent assets	79	33
Total assets	1,412	1,343
Current Liabilities	98	73
Net Assets		
Invested in capital assets	79	33
Unrestricted	1,235	1,237
Total net assets	<u>\$ 1,314</u>	<u>\$ 1,270</u>

Washington and Bruce Townships Senior Transportation thru Advanced Reservation

Management's Discussion and Analysis (Continued)

TABLE 2	2007	2006
Revenue		
Property taxes	\$ 365	\$ 382
Other	172	134
Total revenue	537	516
Expenses	493	463
Change in Net Assets	<u>\$ 44</u>	<u>\$ 53</u>

The System's change in net assets during the year was \$44,000, which is down approximately 17 percent from the prior year. This decrease is due primarily to a decrease in property tax revenue, which resulted from a tax refund of approximately \$32,000 during the current year. Additionally during the year, capital assets increased this year with the purchase of two cars totaling approximately \$45,000, a carport for \$18,500, and equipment and supplies for \$3,500. Overall, expenditures increased from the prior year by \$30,000. Correspondingly, revenues increased by \$21,000.

The System's revenue consists of millages from Washington and Bruce Townships, and municipal and community credits, as well as a specialized service grant from SMART, a regional transportation system. Revenue increased due to the raise in tax bases within the townships. The monies received from SMART increased by approximately \$11,000 from prior year.

General Fund Budgetary Highlights

The drivers' wages increased by 8 percent compared to the budget due to an increase in part-time clerical staff, drivers, and additional trips. This correlates directly with the increase in miles, riders, and trips. In addition, there were also unforeseen increases in the cost of fuel, vehicle insurance, and maintenance. Overall, the total expenditures exceed the budget by approximately \$3,500.

Economic Factors and Next Year's Budgets and Rates

The System's management budgeted for the following expenses next year: office furniture for the additional office space provided to the System by the parks and recreation department, additional part-time staff, and a vehicle, provided grant funding is available. The System will pay back approximately \$32,000 to Ford Motor Company as a result of a property tax settlement. The System will strive to meet its budget.

Washington and Bruce Townships Senior Transportation thru Advanced Reservation

Management's Discussion and Analysis (Continued)

Contacting Washington and Bruce Townships Senior Transportation thru Advanced Reservation's Management

This financial report is intended to provide our citizens, customers, and investors with a general overview of the System's finances and show the System's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the STAR transportation office.

Washington and Bruce Townships Senior Transportation thru Advanced Reservation

Governmental Fund Balance Sheet - Statement of Net Assets March 31, 2007

	Balance Sheet - Modified Accrual	Adjustments (Note 2)	Statement of Net Assets - Full Accrual
Assets			
Cash and investments (Note 3)	\$ 1,301,833	\$ -	\$ 1,301,833
Due from other governmental units	30,368	-	30,368
Taxes receivable (Note 1)	624	-	624
Capital assets - Depreciated (Note 4)	-	78,548	78,548
Total assets	<u>\$ 1,332,825</u>	78,548	1,411,373
Liabilities and Fund Balance			
Liabilities			
Accounts payable	\$ 5,336	-	5,336
Due to other governmental units	50,171	-	50,171
Accrued liabilities	32,167	-	32,167
Employee compensated absences (Note 1)	-	9,354	9,354
Total liabilities	87,674	9,354	97,028
Fund Balance - Unreserved and undesignated	<u>1,245,151</u>	<u>(1,245,151)</u>	-
Total liabilities and fund balance	<u>\$ 1,332,825</u>		
Net Assets			
Invested in capital assets		78,548	78,548
Unrestricted		<u>1,235,797</u>	<u>1,235,797</u>
Total net assets		<u>\$ -</u>	<u>\$ 1,314,345</u>

Washington and Bruce Townships Senior Transportation thru Advanced Reservation

Statement of Governmental Fund Revenue, Expenditures, and Changes in Fund Balance - Statement of Activities Year Ended March 31, 2007

	Revenues and Expenditures - Modified Accrual	Adjustments (Note 2)	Statement of Activities - Full Accrual
Revenue			
Taxes	\$ 365,170	\$ -	\$ 365,170
Intergovernmental - Shared revenue	98,115	-	98,115
Interest	53,222	-	53,222
Donations	190	-	190
Weekend service	5,604	-	5,604
Miscellaneous	14,716	-	14,716
Total revenue	537,017	-	537,017
Expenditures			
Personnel:			
Drivers	164,672	-	164,672
Weekend drivers	2,259	-	2,259
Coordinator	41,666	-	41,666
Director	17,490	-	17,490
Accounting service	7,254	-	7,254
Administrative support	40,804	2,270	43,074
FICA	22,119	-	22,119
Health insurance	6,998	-	6,998
Life insurance	661	-	661
Longevity	1,500	-	1,500
MESC	3,038	-	3,038
Retirement	9,847	-	9,847
Uniforms	1,842	-	1,842
Total personnel	320,150	2,270	322,420
Vehicles:			
Cleaning	1,034	-	1,034
Gasoline	33,299	-	33,299
Insurance	23,586	-	23,586
Maintenance and repairs	21,585	-	21,585
Weekend and charter service	32,457	-	32,457
Total vehicles	111,961	-	111,961

Washington and Bruce Townships Senior Transportation thru Advanced Reservation

Statement of Governmental Fund Revenue, Expenditures, and Changes in Fund Balance - Statement of Activities (Continued) Year Ended March 31, 2007

	Revenues and Expenditures - Modified Accrual	Adjustments (Note 2)	Statement of Activities - Full Accrual
Expenditures (Continued)			
General and administrative:			
Audit	\$ 5,270	\$ -	\$ 5,270
Disability insurance	677	-	677
Capital outlay	66,833	(65,387)	1,446
Radio repair	1,233	-	1,233
Miscellaneous	1,565	-	1,565
Office supplies	2,471	-	2,471
Publishing	45	-	45
Depreciation	-	20,326	20,326
Telephone	4,164	-	4,164
Utilities	8,000	-	8,000
Training	5,469	-	5,469
Workers' compensation	7,823	-	7,823
Total general and administrative	103,550	(45,061)	58,489
Total expenditures	535,661	(42,791)	492,870
Change in Fund Balance/Net Assets	1,356	42,791	44,147
Fund Balance/Net Assets			
Beginning of year	1,243,795	26,403	1,270,198
End of year	<u>\$ 1,245,151</u>	<u>\$ 69,194</u>	<u>\$ 1,314,345</u>

Washington and Bruce Townships Senior Transportation thru Advanced Reservation

**Notes to Financial Statements
March 31, 2007**

Note I - Summary of Significant Accounting Policies

The accounting policies of the Washington and Bruce Townships Senior Transportation thru Advanced Reservation (the "System") conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies used by the System.

Reporting Entity

The System was organized December 29, 1981 by a joint resolution between Washington and Bruce Townships. The System was organized to provide transportation services to residents of the two townships who are 60 years of age or older. The System is governed by a two-member board with one representative each from Bruce and Washington Townships and one alternate member from each township. The System is not considered to be a component unit of the Townships of Bruce or Washington.

The accompanying basic financial statements have been prepared in accordance with criteria established by the Government Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. Based on these criteria, there are no component units of the System that are to be included in the reporting entity.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The System's basic financial statements include both the System's full accrual financial statements and modified accrual financial statements.

Full Accrual Financial Statements

The full accrual financial statements (i.e., the statement of net assets and the statement of activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants, charges for services, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statement of net assets includes and recognizes all long-term assets and liabilities.

Washington and Bruce Townships Senior Transportation thru Advanced Reservation

**Notes to Financial Statements
March 31, 2007**

Note 1 - Summary of Significant Accounting Policies (Continued)

Modified Accrual Financial Statements

The modified accrual financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the System considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due.

Interest earned on investments is recorded on the accrual basis.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in the government-wide statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The System has elected not to follow private sector standards issued after November 30, 1989 for its full accrual presentation.

Assets, Liabilities, and Net Assets or Equity

Cash and Cash Equivalents - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Investments - Investments are recorded at fair value, based on quoted market prices.

Property Taxes - Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed. Property taxes levied on December 1, 2006 are recorded as revenue for the year ended March 31, 2007.

Washington and Bruce Townships Senior Transportation thru Advanced Reservation

Notes to Financial Statements
March 31, 2007

Note 1 - Summary of Significant Accounting Policies (Continued)

The System receives property taxes levied by the member townships of Washington and Bruce. The 2006 taxable value of all the property subject to the System's millage is \$1,178 million and \$497 million for Washington Township and Bruce Township, respectively, on which taxes levied consisted of total mills of .2463 and .2233 for each township, respectively, of which all were for operating purposes. This resulted in approximately \$397,000 for operations. This amount is recognized as tax revenue.

Capital Assets - Capital assets, which include equipment and vehicles, are reported in the statement of net assets. Capital assets are defined by Washington and Bruce Townships Senior Transportation thru Advanced Reservation as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Equipment	5 years
Vehicles	5 years
Land improvements	15 years

Compensated Absences - It is the System's policy to permit full-time employees to accumulate earned but unused sick, vacation, and personal day benefits. All compensated absence pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Other accounting policies are disclosed in other notes to the financial statements.

Washington and Bruce Townships Senior Transportation thru Advanced Reservation

Notes to Financial Statements
March 31, 2007

Note 2 - Reconciliation of Government-wide and Fund Financial Statements

Total fund balance and the net change in fund balance of Washington and Bruce Townships Senior Transportation thru Advanced Reservation's modified accrual reporting differs from net assets and change in net assets of the full accrual reporting in the statement of net assets and the statement of activities. This difference results primarily from the long-term economic focus of the full accrual reporting versus the current economic focus of modified accrual reporting. The following are reconciliations of fund balance (modified accrual basis) to net assets (full accrual basis) and the net change in fund balance to the net change in net assets:

Total Fund Balance - Modified Accrual Basis	\$ 1,245,151
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Amounts reported in the statement of net assets are different because:

Capital assets are not financial resources and are not reported in the fund	78,548
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Long-term liabilities are not due and payable in the current period and are not reported in the fund	<u>(9,354)</u>
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Total Net Assets - Full Accrual Basis	<u>\$ 1,314,345</u>
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Net Change in Fund Balance - Modified Accrual Basis	\$ 1,356
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Amounts reported in the statement of activities are different because:

Governmental funds report capital outlay as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation	65,387
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Depreciation is recorded as an expense in the statement of activities but not in the governmental funds	(20,326)
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The change in accumulated employee sick and vacation pay is recorded when earned in the statement of activities	<u>(2,270)</u>
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Change in Net Assets of Governmental Activities - Full Accrual Basis	<u>\$ 44,147</u>
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Washington and Bruce Townships Senior Transportation thru Advanced Reservation

**Notes to Financial Statements
March 31, 2007**

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The System has designated one bank for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above. The System's deposits and investment policies are in accordance with statutory authority.

The System's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the System's deposits may not be returned to it. The System does not have a deposit policy for custodial credit risk. At year end, the System had no bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized.

Credit Risk - State law limits investments in commercial paper to the top three ratings issued by nationally recognized statistical rating organizations. The System has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Sweep account	\$ 1,301,000	N/A	Unrated

Washington and Bruce Townships Senior Transportation thru Advanced Reservation

Notes to Financial Statements March 31, 2007

Note 4 - Capital Assets

A summary of capital assets is as follows:

	Balance - April 1, 2006	Additions	Deletions	Balance - March 31, 2007
Governmental Activities				
Capital assets being depreciated:				
Equipment	\$ 5,352	\$ 1,688	\$ -	\$ 7,040
Land improvements	6,903	18,541	-	25,444
Vehicles	246,063	45,158	-	291,221
Subtotal	258,318	65,387	-	323,705
Accumulated depreciation:				
Equipment	4,774	776	-	5,550
Land improvements	460	1,696	-	2,156
Vehicles	219,597	17,854	-	237,451
Subtotal	224,831	20,326	-	245,157
Net capital assets	<u>\$ 33,487</u>	<u>\$ 45,061</u>	<u>\$ -</u>	<u>\$ 78,548</u>

Note 5 - Budget Information

The annual budget is prepared by the System and adopted by Washington and Bruce Townships; subsequent amendments are approved by the boards of the above entities. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at March 31, 2007 has not been determined. During the current year, the budget was amended in a legally permissible manner. The budget is prepared in accordance with accounting principles generally accepted in the United States of America.

The budget is adopted on a line-item basis. Expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual results of operations to the budget as adopted is included in the basic financial statements. This comparison included expenditure budget overruns.

Washington and Bruce Townships Senior Transportation thru Advanced Reservation

Notes to Financial Statements
March 31, 2007

Note 5 - Budget Information (Continued)

Excess of Expenditures Over Appropriations - During the year, the System incurred expenditures that were in excess of the amounts budgeted, as follows:

	Amended Budget	Actual
General Fund:		
Personnel - Drivers	\$ 156,000	\$ 164,672
Personnel - Administrative support	36,000	40,804
Vehicles - Gasoline	31,000	33,299
Vehicles - Weekend and charter service	27,300	32,457

The unfavorable variances were caused by unanticipated expenditures that became necessary during the year.

Note 6 - Defined Contribution Retirement Plan

The System provides pension benefits to all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As established by board resolution, the System contributes 15 percent of employees' base salaries. In accordance with these requirements, the System contributed \$9,847 during the current year.

Note 7 - Risk Management

The System is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The System has purchased commercial insurance for medical claims and workers' compensation, and participates in the Michigan Municipal League Plan risk pool for claims relating to property loss, torts, and errors and omissions. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League Plan operates as an insurance purchasing pool for local units of government in Michigan. The plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

Note 8 - Related Parties

The System conducts its operations in facilities owned by a local unit of government. The cost of the building space is donated to the System. The monetary value of this in-kind service has not been determined.

Required Supplemental Information

Washington and Bruce Townships Senior Transportation thru Advanced Reservation

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended March 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget - Favorable (Unfavorable)
Revenue				
Taxes	\$ 372,500	\$ 372,500	\$ 365,170	\$ (7,330)
Intergovernmental - Shared revenue	80,000	80,000	98,115	18,115
Interest	30,000	30,000	53,222	23,222
Donations	-	-	190	190
Weekend service	4,900	4,900	5,604	704
Miscellaneous	3,000	3,000	14,716	11,716
Total revenue	<u>\$ 490,400</u>	<u>\$ 490,400</u>	<u>\$ 537,017</u>	<u>\$ 46,617</u>
Expenditures				
Personnel:				
Drivers	\$ 119,500	\$ 156,000	\$ 164,672	\$ (8,672)
Weekend drivers	2,600	2,600	2,259	341
Coordinator	41,900	41,900	41,666	234
Director	17,491	17,491	17,490	1
Accounting service	7,265	7,265	7,254	11
Administrative support	30,000	36,000	40,804	(4,804)
FICA	17,500	21,400	22,119	(719)
Health insurance	10,000	10,000	6,998	3,002
Life insurance	1,100	1,100	661	439
Longevity	1,500	1,500	1,500	-
MESC	2,300	2,300	3,038	(738)
Retirement	9,849	9,849	9,847	2
Uniforms	2,500	2,500	1,842	658
Total personnel	263,505	309,905	320,150	(10,245)
Vehicles:				
Cleaning	1,000	1,000	1,034	(34)
Gasoline	27,200	31,000	33,299	(2,299)
Insurance	22,000	23,600	23,586	14
Maintenance and repairs	27,500	27,500	21,585	5,915
Miscellaneous	400	400	-	400
Weekend and charter service	27,300	27,300	32,457	(5,157)
Total vehicles	105,400	110,800	111,961	(1,161)

Washington and Bruce Townships Senior Transportation thru Advanced Reservation

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended March 31, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget - Favorable (Unfavorable)
Expenditures (Continued)				
General and administrative:				
Audit	\$ 5,270	\$ 5,270	\$ 5,270	\$ -
Disability insurance	800	800	677	123
Capital outlay	68,000	68,000	66,833	1,167
Radio repair	500	500	1,233	(733)
Miscellaneous	2,000	2,000	1,565	435
Office supplies	2,500	2,500	2,471	29
Publishing and postage	700	700	45	655
Service contracts	1,600	1,600	-	1,600
Telephone	7,000	7,000	4,164	2,836
Utilities	8,000	8,000	8,000	-
Training	4,000	4,000	5,469	(1,469)
Administrative benefits	5,000	5,000	-	5,000
Workers' compensation	8,500	8,500	7,823	677
Total general and administrative	<u>113,870</u>	<u>113,870</u>	<u>103,550</u>	<u>10,320</u>
Total expenditures	<u>\$ 482,775</u>	<u>\$ 534,575</u>	<u>\$ 535,661</u>	<u>\$ (1,086)</u>

August 6, 2007

Ms. Clara Russell, Director
STAR Transportation
361 Morton St.
Romeo, MI 48065

Dear Ms. Russell:

We recently completed our audit of the basic financial statements of STAR Transportation for the year ended March 31, 2007. As a result of our audit, we have the following comments and recommendations for your review and consideration.

Internal Control

The American Institute of Certified Public Accountants Audit Standards Board recently issued nine new Statements on Auditing Standards (SAS). The new auditing standards increase the level of documentation that is required to be obtained during our audits and modify the way we conduct our work. The new standards take effect over the next two years.

We are now required to comply with Statement on Auditing Standards 112, *Communication of Internal Control Related Matters Noted in an Audit*. This standard lowers the threshold that is used to determine if a control deficiency must be reported to the board. We did note the following item that should be given further consideration:

During the audit, we noted that the operations manager for STAR has the ability to open mail, receipt cash and checks, prepare and make the bank deposit, post journal entries to the general ledger, and reconcile the bank statements. This lack of segregation of duties presents a control deficiency. To mitigate the risk of misappropriation of assets and eliminate this control deficiency, we recommend someone other than the operations manager open the mail and receipt cash and make a list of checks and cash received. The reviewer of the bank reconciliation can use this list to ensure appropriate bank deposits were made.

Auditing Standards Continue to Change

Major and comprehensive changes were made to auditing rules in 2006. These new auditing standards require significant changes in how audits are done and how the results of the auditor's work are communicated to clients, bringing auditing rules for governmental units into closer alignment with the standards imposed on audits of public companies under Sarbanes-Oxley.

Some of these new standards became effective for audits of financial statements dated December 31, 2006 and after. As a result, auditors are required to comply with very specific rules related to the form, content, and extent of audit documentation, including more thorough documentation of auditing procedures and results. Other new guidelines affect the audit evidence that must be obtained before an auditor can consider an audit complete.

Another new rule (described briefly under “internal control”) requires auditors to more formally communicate matters they observe about their clients’ accounting procedures and internal controls. Auditors are now required to inform clients about any significant deficiencies in accounting procedures or internal controls that come to their attention. Significant deficiency is a defined term that includes any flaw creating more than a remote risk of errors in financial statements that could reasonably matter to a user of the statements. Auditors must now communicate these matters in writing to all individuals involved in overseeing strategic direction and accountability for operations, in addition to management.

The remainder of the new rules will become effective for audits of financial statements dated December 31, 2007 and later. These new rules, which are known collectively as the new risk assessment standards, significantly change the procedures auditors must perform in all financial statement audits. Under these new rules, auditors will be required to:

- More thoroughly examine and evaluate clients’ accounting processes and controls, including the overall control environment, key controls over significant transactions, and the quality of internal oversight of the financial reporting process
- More thoroughly assess and document conditions in clients’ systems and processes that create risks of material misstatement in their financial statements, and perform additional testing in response to these risks
- Design and perform more analytical tests of accounting and financial data
- Apply more stringent standards in identifying, assessing, and communicating internal control deficiencies
- Communicate more information about the results of the auditor’s work to individuals involved in overseeing strategic direction and accountability for operations

As a practical effect of these new rules, auditors will need to make more detailed and specific requests for information from clients, particularly about processes and controls, and clients will need to do more work to be well prepared for their audits. The new rules also will require increased audit testing and more thorough auditing procedures, and will increase the amount of related documentation that auditors must prepare and maintain.

Plante & Moran, PLLC began analyzing these new standards and incorporating the necessary changes into our audit process and tools more than a year ago. It is clear that the new rules will require us to perform more audit procedures than we have in the past. Over the next several months, our firm will be investing heavily to implement our new audit methodology and train our staff on these changes. Our goal is to have our staff trained and working with our clients to prepare for the transition to these new rules well in advance of the required implementation date.

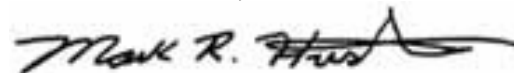
As we move forward, we will be communicating with you regularly about matters that will affect your next financial statement audit. In addition, we plan to begin to work with you during the upcoming year in a number of areas, including review and documentation of your internal accounting procedures and controls, to ensure a smooth transition to these new standards. We will be in contact with you in the near future to discuss these matters in more detail.

The primary objective of these new rules is to strengthen and enhance the independent audit of financial statements, including more thorough evaluation and information about your internal accounting and financial reporting processes and controls. We believe that these new rules, and the additional communications you will receive from us about the results of our audit work, will enhance the value you receive from your financial statement audit.

We would like to thank Sandi Kaiser, as well as all of STAR Transportation's personnel for their assistance during the audit. We appreciate the opportunity to serve as your auditors. If there are any questions about your financial report or the above comments and recommendations, we would be happy to discuss them at your convenience.

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in black ink, appearing to read "Mark R. Hurst", with a stylized flourish at the end.

Mark R. Hurst